

**For discussion
on 2 February 2016**

**2016 Policy Address
Policy Initiatives of
Communications and Creative Industries Branch,
Commerce and Economic Development Bureau**

Our Vision

The Government's vision is to develop the economy to encourage industries to expand and thrive. In relation to communications and creative industry, we work to further enhance Hong Kong's position as a regional communications hub, and at the same time continue to foster the development of creative industry with a view to building Hong Kong into a regional creative capital.

New Initiatives

Telecommunications and Broadcasting Service

Re-assignment of Spectrum in the 900 MHz and 1800 MHz bands

2. The existing assignments of 198.6 MHz of frequency spectrum in the 900 MHz and 1800 MHz bands for the provision of mobile services will expire in the period between November 2020 and September 2021. The Communications Authority ("CA") and we will consult stakeholders and the public on the arrangements for re-assignment and the setting of spectrum utilisation fee, with a view to making and announcing the decisions by the end of 2017.

Creative Industries

Development of the Pearl River Delta Region as a film production base

3. We note that overseas film production crews which make their location shooting in Hong Kong are also interested in looking for shooting opportunities in the Mainland and Macau at the same time. There is synergy in collaborating with the relevant authorities of the Mainland and Macau to develop and promote location filming and film production services in the Pearl River Delta Region (including Hong

Kong), with a view to attracting overseas production crews to shoot films in the region and thereby encouraging film production, post-production and other related business activities in Hong Kong. We will showcase the filming locations and film production services of Hong Kong and the Pearl River Delta Region at the Hong Kong International Film & TV Market to be held in March 2016, in order to promoting Hong Kong as a premium fixer which facilitates location filming by overseas film crews in the region.

Setting up a theme-based exhibition area adjacent to the Golden Bauhinia Square to feature local comic characters

4. The Government is committed to promoting the local animation and comics (ani-com) sector to the public and tourists. In this connection, we will provide funding support through the CreateSmart Initiative (CSI) to the Hong Kong Comics and Animation Federation for setting up a theme-based exhibition area adjacent to the Golden Bauhinia Square in which 30 local ani-com characters will be featured. The exhibition area will tentatively be launched around mid-2016. We expect that the exhibition area will have synergies with the Comix Home Base located in Wanchai and further promote the local ani-com sector.

On-going Initiatives

Telecommunications and Broadcasting Service

3G Spectrum Re-assignment

5. The existing assignments of the frequency spectrum in the 1.9 – 2.2 GHz band for the provision of 3G mobile services will expire in October 2016. The three incumbent operators exercised the right of first refusal in August 2014 for the re-assignment of 69.2 MHz of the concerned spectrum, whereas the remaining 49.2 MHz of spectrum was re-assigned to three operators (one of which is not an incumbent spectrum assignee) through auction in December 2014. The CA and we will proceed with the follow-up work to ensure a smooth changeover of spectrum.

Safeguarding Consumers' Interests

6. The Customer Complaint Settlement Scheme for the telecommunications industry aims to resolve billing disputes in deadlock

between telecommunications service providers and their customers. The long-term implementation of the scheme commenced in May 2015 after the two-year trial period. We will continue to monitor the effectiveness of the scheme as well as other regulatory or publicity initiatives (e.g. guidelines for the implementation of fair usage policy, measures to prevent mobile bill shock, etc.) to safeguard consumers' interests.

Review of the Telecommunications Ordinance (“TO”) and the Broadcasting Ordinance (“BO”)

7. We have adopted a staged approach in enhancing the regulatory regime for the telecommunications and broadcasting sectors. As the first step, the CA was established on 1 April 2012 in accordance with the Communications Authority Ordinance, and we committed to carrying out a review of the existing regulatory regimes and introducing legislative changes to update and rationalise the TO and the BO upon establishment of the CA. We consulted the Panel on Information Technology and Broadcasting on the proposed creation of one supernumerary Administrative Officer Staff Grade B post and one supernumerary Administrative Officer Staff Grade C post to lead a team in reviewing the TO and the BO in November 2015, and Members supported the proposal. We will seek the support of the Establishment Subcommittee and approval of the Finance Committee (“FC”) for the creation of the two directorate posts and commence the review thereafter.

TV Broadcasting

8. The Government will continue to promote the development of Digital Terrestrial Television (DTT) in Hong Kong. The latest DTT network coverage stands at around 99%, on par with that of the analogue TV broadcasting. The DTT take-up rate (the percentage of households capable to receive DTT services) is close to 85%. We will continue our publicity efforts to further boost up the DTT take-up in Hong Kong.

9. The Chief Executive in Council decided on 1 April 2015 not to renew the free TV licence of Asia Television Limited (ATV). On the same day, the Chief Executive in Council decided to grant a free TV licence to HK Television Entertainment Company Limited (HKTVE), which was premised upon the use of a fixed network by HKTVE as the transmission means to provide free television services in Hong Kong. Its integrated Cantonese channel and integrated English channel will commence within 12 months and 24 months respectively after the grant of licence. Upon HKTVE's application, the Communications Authority

approved, with additional conditions imposed which are pertinent to spectrum assignment, HKTVE's application for the use of spectrum as an additional means of transmission and assigned spectrum to HKTVE from the date when the spectrum to be withdrawn from ATV becomes available to the end of the term of HKTVE's free TV licence (i.e. 2 April 2016 – 31 March 2027) for the provision of its licensed free TV services. Hong Kong's audience will be able to watch HKTVE's programmes through spectrum in due course.

10. At the same time, we will continue to assist the Chief Executive in Council in the licensing and regulatory matters in relation to free TV, domestic pay television programme services and analogue sound broadcasting services.

Digital Audio Broadcasting

11. Radio Television Hong Kong (RTHK) and the licensed commercial broadcasters formally launched their digital audio broadcasting (DAB) services in September 2012. In line with our policy to support the development of DAB, we will continue to promote DAB and monitor the implementation of the service. As one of the licensed commercial broadcasters has left the market owing to commercial considerations, we are reviewing the development of DAB in Hong Kong.

Public Service Broadcasting by RTHK

12. RTHK has been embarking on various new development initiatives to fulfill its mission as the public service broadcaster of Hong Kong. For the DTT service, RTHK commenced the channel trial run on 12 January 2014. RTHK is now providing DTT service with three high definition TV channels. RTHK TV 31 (main channel) broadcasts 11.5 hours daily (from 2 pm to 1:30 am) every Monday to Friday and 13.5 hours daily (from 12 noon to 1:30 am) every Saturday and Sunday, offering programmes on current affairs, education, information, culture and arts and drama. RTHK TV 32 continues to live broadcast Legislative Council meetings every Wednesday, as well as other panel meetings, important events and international news feed. RTHK TV 33 relays the China Central Television 9 Documentary Channel. RTHK is now planning to increase transmission hours of RTHK TV 31. To extend the DTT network coverage to about 99% of Hong Kong's population, RTHK has started establishment of 22 DTT fill-in stations by phases. The plan is scheduled for completion in 2019. For the DAB

service, RTHK will continue to work with other DAB operators to promote the DAB service. The Pilot Project for Community Involvement Broadcasting Service (CIBS) of RTHK has already completed six rounds of application since its launch in December 2012. A mid-term review was conducted in early 2015 and it showed that the feedback from members of the public was positive. RTHK therefore plans to continue the service. For the construction of the New Broadcasting House, RTHK and the relevant departments have been reviewing the proposal, having regard to the concerns of Members of the Public Works Subcommittee on the cost estimate and project scope, with a view to working out the most cost-effective revised proposal which can address Members' concerns. Upon completion of the review and internal planning, we will follow up on the proposal in accordance with the established mechanism.

13. With the cessation of ATV's broadcasting service in April 2016, the nearly 400 000 households that are not yet equipped with DTT sets or set-top boxes can only have access to two analogue TV programme channels. To mitigate the impact arising from the lack of free TV channel choices, RTHK is preparing to broadcast programmes of its DTT programme channels on two to be vacated analogue TV programme channels, and the preparation work is underway.

Review of Control of Obscene and Indecent Articles Ordinance (COIAO)

14. The second round of public consultation on the review of the COIAO was concluded in July 2012, with approximately 1 000 submissions received. We briefed the Legislative Council Panel on Information Technology and Broadcasting on the way forward to improve the regulatory regime on 9 March 2015. Drafting of the amendment bill is in progress.

Creative Industries

Support measures under the Film Development Fund

15. With the injection of \$200 million into the Film Development Fund (FDF) in May 2015, we have further enhanced support to the film industry. We have expanded the budgetary eligibility criterion of the Film Production Financing Scheme under the FDF by raising the upper limit of the production budget of a film project from \$15 million to \$25 million. We also launched the Film Production Grant Scheme

(FPGS) in November 2015 to provide financial support for low-budget film productions with a production budget not exceeding \$10 million. The FPGS is open for applications on a quarterly basis, and we have received eight applications for the first quarter.

16. To nurture new film talent, we launched the First Feature Film Initiative (FFFI) under FDF again in 2015 for identifying new filmmakers through a competition on screenplay and production proposals. Two winning teams, one from the Higher Education Institution Group and the other from the Professional Group, have been selected and will be provided with a cash grant of \$3.25 million and \$5.5 million respectively as full subsidies for their film production projects. We plan to hold at least one round of competition each year under the FFFI. The next round of competition will be launched in March 2016.

Movie audience-building

17. We will continue to implement audience-building initiatives to enhance film literacy among students and young audiences. We will provide funding support to the Hong Kong International Film Festival Society to expand the audience development programmes in the 2016 Hong Kong International Film Festival (HKIFF), which cover screenings and discussion forums as well as student discounts for admission to film festival screenings of the HKIFF. We will also provide the Hong Kong Society for the Blind with funding to launch a programme on audio description in films so as to give the visually impaired opportunities for film appreciation.

Cinema development

18. Increasing the supply of cinemas will facilitate movie-watching by the community and support movie audience-building, which would be conducive to the long-term development of Hong Kong's film industry. The Government is actively considering the option of requiring developers to include cinemas in their development projects as appropriate in the terms and conditions of the land lease.

CreateSmart Initiative

19. Having completed a review on the CSI, we have reaffirmed the need for keeping the funding scheme as a key tool to support the Government's policy to support the development and promotion of the local creative industries. We plan to inject an additional \$400 million

into the CSI. As reported to the Legislative Council (LegCo) Panel on Information Technology and Broadcasting on 17 July 2015, we will in the coming few years seek to encourage or accord priority, where appropriate, to those CSI projects which focus on capacity building, talent nurturing, start-up incubation, promotion of Hong Kong designers and brands, etc.

20. We will include and reflect the proposed injection into the CSI in the 2016-17 Draft Estimates of the Communications and Creative Industries Branch of the Commerce and Economic Development Bureau.

Support measures for the design industry

21. The Government provides support to design-related trade bodies for organising programmes which help build a design talent pool, enhance understanding and application of design in various business and social sectors, promote Hong Kong's design excellence to the Mainland and overseas markets, etc.

22. The Hong Kong Design Centre (HKDC) has been the Government's key partner in promoting design in Hong Kong. The HKDC has made considerable efforts in, amongst others, raising the profile of the Hong Kong design sector outside Hong Kong, providing nurturing opportunities for young design talents, incubating design start-ups through the Design Incubation Programme (DIP), and in raising the standards of practitioners through a series of executive and professional training programmes. Efforts were also made in enhancing awareness of the business sector in the importance of design through signature events like Business of Design Week (BODW) and DFA Awards.

23. We plan to earmark \$106.5 million out of the proposed CSI funding injection to expand the scale of the DIP for incubating some 90 additional design start-ups in the coming three years, and to launch a Fashion Incubation Programme (FIP) to provide dedicated support for up-and-coming fashion design start-ups. We also plan to earmark some \$60 million out of the funding injection to support the HKDC in organising BODW and DFA Awards from 2016 to 2019.

Measures to promote the development of fashion industry

24. The Government has accepted the recommendations of the Economic Development Commission, and will launch a series of measures on a pilot basis in the next three years to promote the

development of the fashion industry (hereinafter referred as the “Fashion Initiatives”). These initiatives include the aforementioned FIP; technical training and support for fashion designers and graduates; and promotional activities for local fashion designers and brands in and outside Hong Kong.

25. The Advisory Group on Implementation of Fashion Initiatives (AGF), which mainly comprises representatives of fashion, design, clothing and textiles sectors and academic institutions, was set up in July 2015 to advise on, guide and co-ordinate the implementation of the Fashion Initiatives. The Government has engaged the HKDC to serve and support the AGF. The HKDC, as the secretariat to the AGF, is responsible for helping co-ordinate the implementation of the Fashion Initiatives.

26. As reported to the LegCo Panel on Information Technology and Broadcasting on 11 January 2016, we will allocate \$18.6 million to the HKDC for serving as the secretariat to the AGF and supporting the implementation of the Fashion Initiatives. We will include and reflect the proposed additional funding support for the HKDC in the 2016-17 Draft Estimates of the Communications and Creative Industries Branch of the Commerce and Economic Development Bureau.

Supporting and encouraging the trade to organise programmes at the Comix Home Base and PMQ

27. To promote the Comix Home Base (CHB) and facilitate development of the local ani-com sector, we have provided funding support through the CSI to trade bodies for hosting promotional activities at CHB and enhancing the exposure of local comics artists. In 2015, CreateHK sponsored seven exhibitions held at the CHB and some activities in celebration of the second anniversary of the CHB. In 2016, CreateHK will continue to sponsor comics exhibitions, workshops and forums which will be held at the CHB.

28. Since the opening of PMQ in June 2014, CreateHK has sponsored through the CSI various programmes held at PMQ, including deTour 2015 organised by PMQ, the pre-launch events of the 2nd Hong Kong-Shenzhen Design Biennale organised by the Hong Kong Federation of Design Associations, the opening catwalk show of Friday Dress Hong Kong organised by Fashion Farm Foundation, etc. CreateHK will continue to encourage the trade to organise more programmes at PMQ.

**Communications and Creative Industries Branch
Commerce and Economic Development Bureau
14 January 2016**